

Message Text

LIMITED OFFICIAL USE

PAGE 01 LISBON 06870 031304Z

ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 /055 W

-----091500 040116Z /75

R 030848Z SEP 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2910

INFO AMEMBASSY PARIS

USDOC WASHDC

LIMITED OFFICIAL USE LISBON 6870

E.O. 11652: N/A

TAGS: ECON, EGEN, ECRE, PO

SUBJ: GOP APPROVES RENAULT PLANT PROPOSAL

1. ON AUG 31 THE COUNCIL OF MINISTERS APPROVED IN PRINCIPLE A RENAULT PROPOSAL TO BUILD A NEW AUTOMOBILE ASSEMBLY PLANT IN PORTUGAL. THE GOP ESTIMATES A TOTAL CAPITAL INVESTMENT OF \$250 MILLION AND THE CREATION OF 7,000 JOBS. RENAULT WOULD BE ALLOWED TO COVER 40 TO 50 PERCENT OF THE DOMESTIC MARKET, ALTHOUGH THE GOP WILL ASSURE OTHER FOREIGN MANUFACTURERS THAT THEY WILL BE PERMITTED TO SELL A MINIMUM OF 45,000 AUTOS PER ANNUM. IT IS ENVISAGED THAT SOME OF RENAULT'S PRODUCTION THROUGH 1984 WILL BE EXPORTED TO ALLOW FOR AN ORDERLY DEVELOPMENT OF THE INTERNAL MARKET. THE GOVERNMENT WILL PARTICIPATE IN THE EQUITY OF THE PROJECT, PERMIT PRIVATE PARTICIPATION THROUGH PUBLIC SUBSCRIPTION, AND IMPORT SOME \$60 MILLION IN FOREIGN CAPITAL.

2. COMMENT: QUESTION OF AUTHORIZING NEW AUTOMOBILE MANUFACTURING PLANT IN PORTUGAL HAS BEEN UNDER DEBATE FOR SEVERAL YEARS. FRENCH COMPANY REPORTEDLY GUARANTEES LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LISBON 06870 031304Z

THAT ITS LOCALLY PRODUCED AUTOMOBILES WILL CONSIST OF APPROXIMATELY 60 PERCENT PORTUGUESE INPUTS AND THAT SIGNIFICANT PORTION OF FINAL PRODUCT WILL BE EXPORTED. OTHER MANUFACTURERS, INCLUDING U.S. COMPANIES, HAD BEEN REQUESTED TO PRESENT SIMILAR PROPOSALS. THEY HAD, HOWEVER, DECIDED NOT TO DO SO ON THE GROUNDS THAT SUCH A FACILITY IN PORTUGAL WOULD BE NONECONOMICAL.

THEY ARE NOW CONCERNED THAT A FRENCH FACTORY WOULD SEEK
GOP MEASURES DESIGNED TO LIMIT THEIR PRODUCTION AND
SALES. THEY DO NOT BELIEVE THE FRENCH PROPOSAL WILL BE
VIABLE UNLESS GOP ADOPTS SUCH PROTECTIVE MEASURES. IF
THEIR FEARS ARE REALIZED, EXISTING AUTOMOBILE ASSEMBLERS
WILL FACE SERIOUS PRODUCTION/FINANCIAL PROBLEMS.
THEY ARE, THEREFORE, AWAITING FINAL GOP DECISION. IN THE
MEANTIME, THEY MAY SEEK INTERVENTION BY THEIR OWN GOVERN-
MENT TO PREVENT GOP FROM APPROVING EXCESSIVE PROTECTION
FOR A LOCAL FRENCH MANUFACTURER.
OKUN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LISBON06870
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770320-1244
Format: TEL
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770999/aaaadfon.tel
Line Count: 73
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2048fb4d-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1392014
Secure: OPEN
Status: NATIVE
Subject: GOP APPROVES RENAULT PLANT PROPOSAL
TAGS: ECON, EGEN, ECRE, PO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/2048fb4d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009